

Message Text

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PASS SOONEST TO ASSISTANT SECRETARY KATZ

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: JOURNAL OF COMMERCE STORY ON ROBERT STRAUSS
CONGRESSIONAL TESTIMONY

THE FOLLOWING LEAD ARTICLE APPEARED TODAY IN THE JOURNAL
OF COMMERCE UNDER THE BYLINE OF RICHARD LAWRENCE, ENTITLED
QUOTE ADMINISTRATION MAY INCREASE AID TO U.S. SUGAR
GROWERS; STRAUSS RULES OUT IMPORT QUOTAS AGREEMENT IN
STEEL UNQUOTE.

BEGIN TEXT: THE CARTER ADMINISTRATION REACTING TO RISING
CONGRESSIONAL PRESSURE, MAY OFFER U.S. SUGAR GROWERS HELP
BEYOND THE TWO CENTS A POUND PAYMENT ANNOUNCED IN EARLY
MAY, U.S. TRADE REPRESENTATIVE ROBERT STRAUSS HINTED
WEDNESDAY.

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MR. STRAUSS, MEANWHILE, RULED OUT AN QUOTE ORDERLY MARKET-
ING UNQUOTE OR IMPORT QUOTAS AGREEMENT IN STEEL; SAID THE
U.S. INSISTS ON A SIMPLE EXTENSION OF THE PRESENT INTER-
NATIONAL TEXTILES PACT, AND SUGGESTED THAT THE GENEVA TRADE
NEGOTIATIONS MAY NOT BE CONCLUDED UNTIL LATE 1978.

PRESIDENT CARTER'S TOP TRADE POLICY MAKER FURTHER INDICATED HE DOES NOT FAVOR EXPORT QUOTE INCENTIVES UNQUOTE FOR U.S. COMPANIES, BUT THAT THE U.S. MIGHT WANT TO KEEP THE QUOTE DISC UNQUOTE EXPORT TAX INCENTIVE AS A BARGAINING CARD IN THE GENEVA TRADE NEGOTIATIONS.

HE STRONGLY DEFENDED RECENT QUOTE ORDERLY MARKETING UNQUOTE AGREEMENTS IN SHOES AND COLOR TV SETS TRADE, ALTHOUGH HE QUOTE PERSONALLY UNQUOTE FORESEES QUOTE NO OTHER SITUATION IN THE IMMEDIATE FUTURE UNQUOTE CALLING FOR SUCH AN APPROACH.

HIS REMARKS CAME AT A HEARING OF A HOUSE BANKING SUBCOMMITTEE ON ECONOMIC STABILIZATION, LOOKING INTO THE QUOTE INFLATIONARY IMPACT UNQUOTE OF THE RECENT SHOE, TV MARKETING AGREEMENTS, AND OTHER INTERNATIONAL DEVELOPMENTS.

ALSO TESTIFYING WAS REP. CHARLES VANIK, D-O;IO, CHAIRMAN OF A HOUSE WAYS AND MEANS SUBCOMMITTEE ON TRADE, WHO RELEASED A CONGRESSIONAL RESEARCH SERVICE REPORT ON IMPORT PRICING.

THE STUDY, ADMITTEDLY QUOTE SKETCHY, UNQUOTE, SUGGESTED THAT RETAILERS, NOT CONSUMERS, BENEFIT MOST FROM CHEAP IMPORTS. MARKUPS ON IMPORTS USUALLY ARE HIGHER THAN THOSE UNCLASSIFIED

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MADE ON DOMESTIC GOODS, IT SAID. MARKUP PRACTICES, SAID THE STUDY, OUGHT TO BE STUDIED MORE FULLY, EITHER BY CONGRESS OR THE INTERNATIONAL TRADE COMMISSION (ITC).

REP. VANIK URGED IMPORTERS AND RETAILERS TO COMMENT.

IN AN ABRUPT TURNABOUT, MR. STRAUSS TOLD THE HOUSE PANEL WEDNESDAY THAT THE TWO CENTS A POUND PAYMENT PROGRAM PRESIDENT CARTER ANNOUNCED MAY 4 FOR U.S. SUGAR PRODUCERS IS QUOTE PROVING WHOLLY INEFFECTIVE. UNQUOTE.

HE INDICATED THAT HE AGREED WITH A GENERAL ACCOUNTING OFFICE (GAO) REPORT THIS WEEK THAT THE PAYMENTS MAY NOT BE LEGAL. THE SUGAR PAYMENTS PROGRAM, HE SAID, WAS QUOTE NOT WELL DESIGNED UNQUOTE AND THE BEST THING TO DO IS ADMIT IT AND CONSIDER ALTERNATIVES.

PRESIDENT CARTER WAS TO MEET LATE WEDNESDAY WITH MR. STRAUSS, TREASURY SECRETARY MICHAEL BLUMENTHAL, AND AGRICULTURE SECRETARY BOB BERGLAND ON POSSIBLE NEW AID FOR THE GROWERS.

AT LEAST PARTLY BEHIND THE ADMINISTRATION'S CONCERN IS A RISING CONGRESSIONAL DEMAND FOR SOMETHING MORE THAN TWO CENTS A POUND PAYMENTS TO HELP PRODUCERS OVERCOME PREVAILING LOW SUGAR PRICES.

A GROUP OF SENATORS, INCLUDING FINANCE COMMITTEE CHAIRMAN RUSSELL LONG, D-LA., HAS INTRODUCED A RESOLUTION TO OVERRIDE THE PRESIDENT AND INSTALL TIGHT SUGAR IMPORT QUOTAS.

AN EFFORT IS UNDER WAY IN THE HOUSE TO ATTACH A SUGAR PRICE SUPPORT PROGRAM, ASSURING GROWERS AT LEAST FOURTEEN CENTS A POUND, TO THE OMNIBUS FARM BILL.

THE ADMINISTRATION, SAID MR. STRAUSS, STILL BACKS AN UNCLASSIFIED

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INTERNATIONAL SUGAR AGREEMENT AS THE BEST LONG-TERM ANSWER TO SUGAR PROBLEMS HERE AND ABROAD. BUT, HE SAID THE ADMINISTRATION IS WEIGHING NEW STOP-GAP AID FOR U.S. PRODUCERS.

ON STEEL, MR. STRAUSS SAID THE GOVERNMENT DOES NOT QUOTE YET HAVE ALL THE ANSWERS TO THE PROBLEMS OF OVERSUPPLY AND SEVERE PRICE-CUTTING, UNQUOTE BUT AN ORDERLY MARKETING ARRANGEMENT FOR THE INDUSTRY IS NOT QUOTE APPROPRIATE. UNQUOTE.

HE CALLED THE EXISTING INTERNATIONAL TEXTILES AGREEMENT, DUE TO EXPIRE DEC. 31, QUOTE ALL THAT STANDS BETWEEN US AND INTERNATIONAL MARKETING CHAOS. UNQUOTE. THE U.S. HE SAID WILL FIRMLY RESIST ANY EUROPEAN EFFORTS TO MAKE THE AGREEMENT MORE RESTRICTIVE.

HE APPEARED OPTIMISTIC ABOUT WINNING QUOTE SUBSTANTIVE UNQUOTE TRADE LIBERALIZATION IN THE GENEVA NEGOTIATIONS, REPORTING THAT THE TALKS HAVE QUOTE MOMENTUM. UNQUOTE HE SAID HE HOPED FOR AN AGREEMENT BY APRIL OR MAY 1978, BUT VOLUNTEERED IT MAY NOT COME UNTIL YEAR'S END.

MR. STRAUSS DEFLECTED CRITICISM THAT THE SHOE AND COLOR TV MARKETING AGREEMENTS WERE INFLATIONARY, PREDICTING THAT TV PRICES WON'T RISE FOR AT LEAST A YEAR, AND THAT THE SHOE COSTS OF U.S. CONSUMERS WILL INCREASE LESS THAN IF TARIFFS HAD BEEN RAISED. END TEXT. VANCE

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